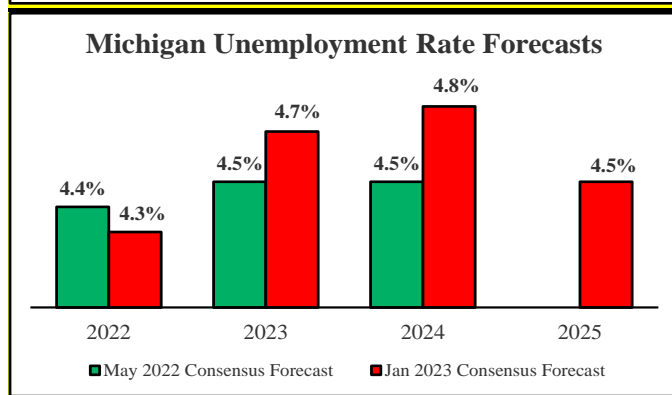
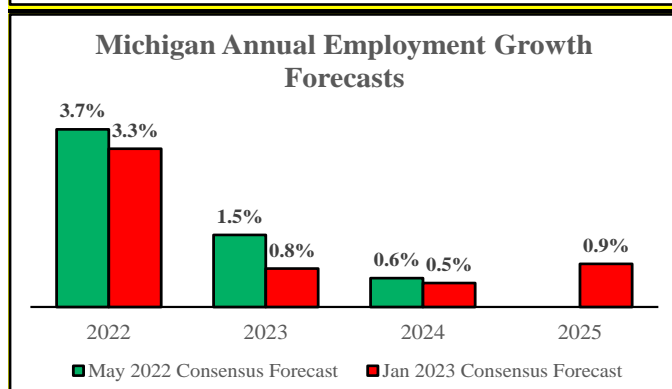
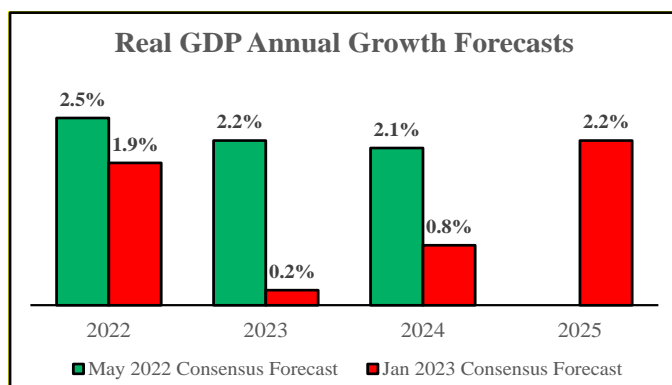




January 2023 Consensus Conference Economic Forecast

On January 13, 2023, the Administration, House Fiscal Agency and Senate Fiscal Agency met and agreed to a revised consensus economic forecast for calendar year (CY) 2023 and 2024 and an initial forecast for 2025. Below are highlights of that consensus agreement.⁽ⁿ⁾ The January 2023 Consensus projects significantly slower economic activity for 2023 and 2024 than had been forecasted in May 2022:



U.S. Economy

- As shown on the left, after rising an estimated 1.9 percent in 2022, real GDP growth is forecast to rise 0.2 percent. Real GDP then grows a projected 0.8 percent in 2024 and 2.2 percent in 2025.
- After declining to an estimated 3.6 percent in 2022, the U.S. unemployment rate is forecast to rise to 4.0 percent in 2023, and to 4.5 percent in 2024 and then fall to 4.2 percent in 2025.
- After falling to 13.8 million units in 2021, light vehicle sales are forecast to total 14.9 million in 2023, 16.2 million in 2024 and 16.4 million in 2025.

Michigan Employment

- After plummeting 9.2 percent in 2020, Michigan employment rose 3.8 percent in 2021.
- As shown on the left, Michigan employment rose an estimated 3.3 percent in 2022 but is forecast to increase just 0.8 percent in 2023, 0.5 percent in 2024 and 0.9 percent in 2025. Projected 2025 Michigan employment would be nearly equal to the actual 2019 Michigan employment level.

Michigan Unemployment Rate

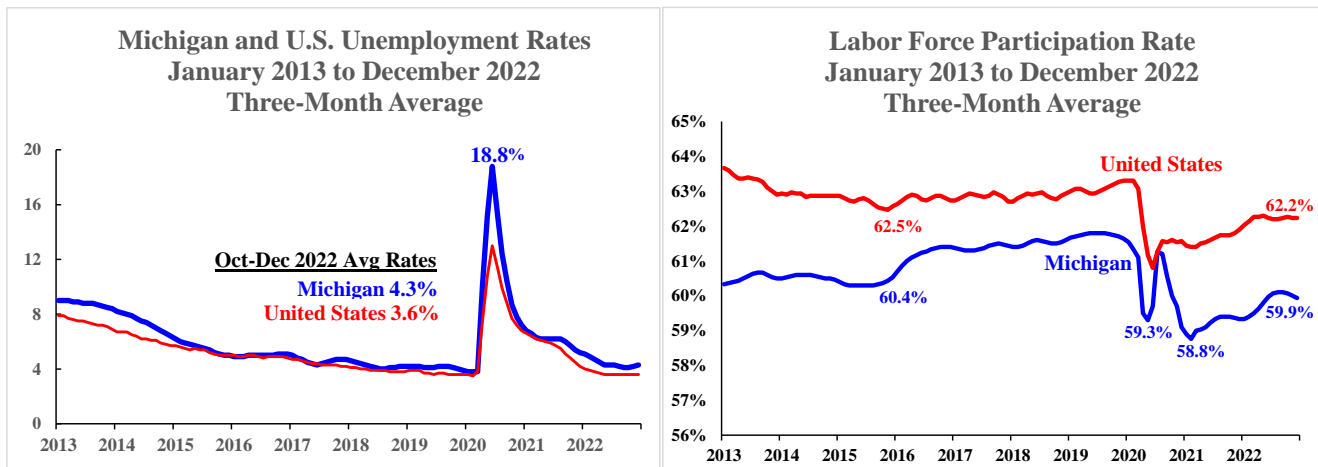
- After soaring to 10.0 percent in 2020, Michigan's average annual unemployment rate fell to 5.9 percent in 2021.
- As shown on the left, Michigan's unemployment rate fell to an estimated 4.3 percent in 2022 and is forecast to rise to 4.7 percent in 2023 and to 4.8 percent in 2024 before falling to 4.5 percent in 2025.

December 2022 Summary

Unemployment Rate Estimates

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- The monthly Michigan unemployment rate estimate remained unchanged at 4.3 percent in December. The three-month average of the Michigan unemployment rate is also 4.3 percent for December. Compared to last December, the three-month average is down 0.9 of a percentage point. Compared to the pre-pandemic February 2020 rate, the current average is up 0.5 of a percentage point.
- The average number of people employed in Michigan between October 2022-December 2022 was 92,900 lower than the number employed in February 2020. Compared to the three-month average of people employed between October 2021-December 2021, the current three-month average is up 106,200 people. The October 2022-December 2022 average of people unemployed is 19,600 people higher than the number of unemployed in February 2020.
- The U.S. unemployment rate fell to 3.5 percent in December. December's national jobless rate is 0.4 of a percentage point lower than the December 2021 rate (3.9 percent), and equal to the February 2020 rate (3.5 percent).
- Both the Michigan and U.S. labor force participation rates remain significantly lower than their pre-pandemic participation rates.



Employment by Place of Residence (in Thousands)^(a)

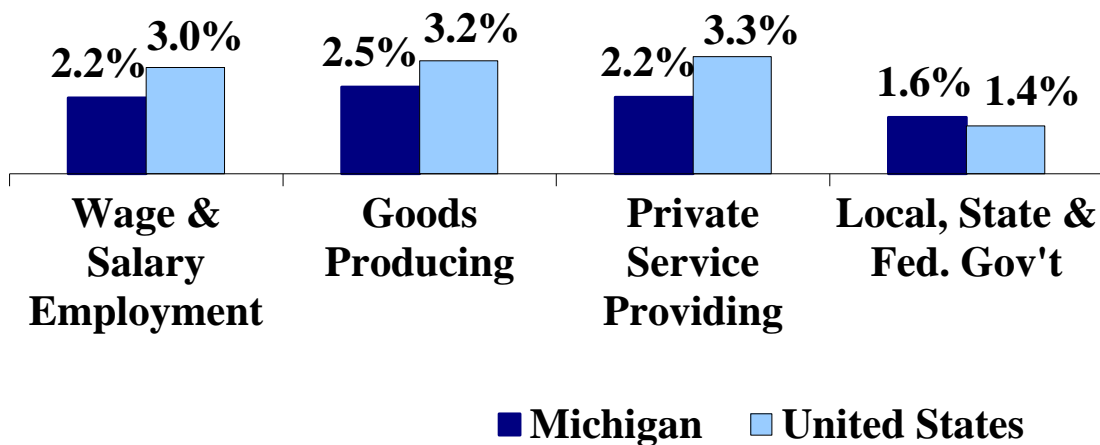
	Annual 2021	Oct 2022	Nov 2022	Dec 2022	Chg Fr Mo Ago Level	Chg Fr Mo Ago %	Chg Fr Yr Ago Level	Chg Fr Yr Ago %	Three Month Average
Michigan									
Labor Force	4,776	4,855	4,853	4,852	-1	0.0%	64	1.3%	4,853
Employed	4,496	4,650	4,645	4,644	-1	0.0%	101	2.2%	4,646
Unemployed	280	205	208	208	0	0.0%	-37	-15.3%	207
Unemployment Rate	5.9%	4.2%	4.3%	4.3%	n.a.	0.0% pts	n.a.	-0.8% pts	4.3%
United States									
Labor Force	161,204	164,646	164,527	164,966	439	0.3%	2,556	1.6%	164,713
Employed	152,581	158,593	158,527	159,244	717	0.5%	3,163	2.0%	158,788
Unemployed	8,623	6,053	6,000	5,722	-278	-4.6%	-607	-9.6%	5,925
Unemployment Rate	5.3%	3.7%	3.6%	3.5%	n.a.	-0.1% pts	n.a.	-0.4% pts	3.6%

Employment by Place of Work (Payroll)

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- Compared to December 2021, Michigan payroll employment was up by 92,300 jobs (2.2 percent). State payroll employment rose by 2,200 jobs in December 2022 from November 2022. Nationally, December 2022 payroll employment was up by 4.5 million jobs (3.0 percent) from a year ago. National employment rose 223,000 jobs in December.

Payroll Employment Growth



- In the goods-producing sector, Michigan payroll employment increased 2.5 percent in December from a year ago; employment in the private service-providing sector rose 2.2 percent. From a year ago, December national payroll employment rose 3.2 percent in the goods-producing sector and increased 3.3 percent in the private service-providing sector.
- At 40.7 hours, manufacturing weekly hours in Michigan were down 0.6 of an hour from last year.

Wage and Salary (Payroll) Employment (in thousands)^(b)

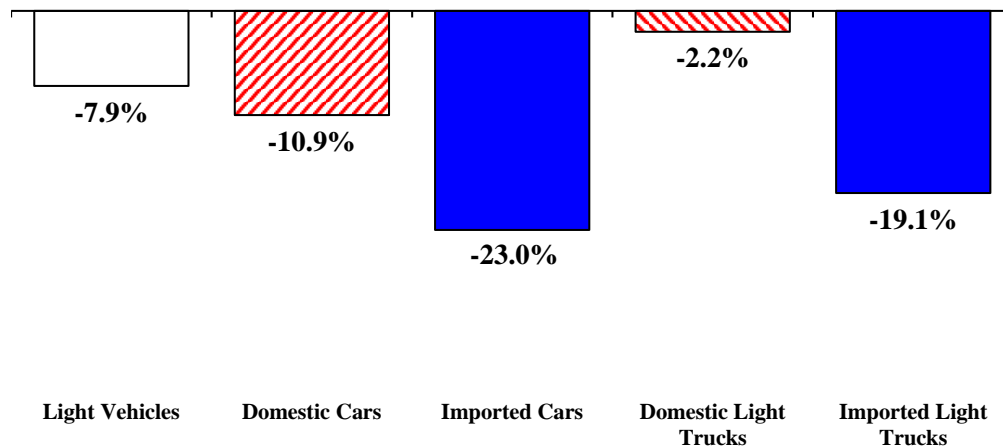
	2021 <u>Annual</u>	MI Dec <u>2021</u>	MI Dec <u>2022</u>	Percent <u>Change</u>	2021 <u>Annual</u>	US Dec <u>2021</u>	US Dec <u>2022</u>	Percent <u>Change</u>
Wage & Salary Employment	4,193.5	4,289.0	4,381.3	2.2%	141,308	149,240	153,743	3.0%
Goods Producing	766.8	783.7	803.0	2.5%	19,397	20,691	21,355	3.2%
Manufacturing	583.7	596.9	612.0	2.5%	12,294	12,555	12,934	3.0%
Private Service Providing	2,853.2	2,926.2	2,989.9	2.2%	99,604	106,408	109,947	3.3%
Trade, Trans. & Utilities	777.3	787.9	798.3	1.3%	27,319	28,163	28,746	2.1%
Services	1,791.6	1,852.3	1,898.4	2.5%	61,491	66,469	69,143	4.0%
Local, State & Fed. Gov't	573.5	579.1	588.4	1.6%	22,307	22,141	22,441	1.4%
Manufacturing Weekly Hours	40.8	41.3	40.7	-0.6 hrs	42.7	41.4	40.6	-0.8 hrs

Motor Vehicle Sales Down From Last Year

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- The U.S. light vehicle sales rate fell to 13.3 million units in December. Compared to last December, sales were up 4.7 percent. Calendar year (CY) 2022 light vehicle sales were down 7.9 percent from 2021.
- U.S. sales of domestic light vehicles rose 3.9 percent from last December while foreign sales increased 7.7 percent. In December 2022, at 21.3 percent, the foreign share of U.S. light vehicle sales was up 0.6 of a percentage point from a year earlier.
- Auto sales were essentially flat compared to last December, while light truck sales increased 6.0 percent from December 2021. Year-over-year, heavy truck sales were down 3.5 percent from last December.
- In CY 2022, light vehicle sales were down 7.9 percent. CY auto sales were down 14.5 percent while light truck sales were down 6.0 percent. Domestic vehicle sales were down 4.0 percent 2021 while foreign light vehicle sales off 20.2 percent. Heavy trucks sales were up 1.9 percent.

Calendar Year 2022 Vehicle Sales Down From 2021



Motor Vehicle Sales Statistics

(Millions, Seasonally Adjusted Rates, unless otherwise specified)

	<u>2021 Total</u>	<u>Oct 2022</u>	<u>Nov 2022</u>	<u>Dec 2022</u>	<u>3 Month Average</u>	<u>Dec Chg fr Yr Ago Level</u>	<u>Dec Chg fr Yr Ago %</u>
Autos	3.4	3.2	3.2	2.8	3.1	0.0	0.1%
Domestics	2.4	2.5	2.4	2.0	2.3	(0.1)	-3.8%
Imports	1.0	0.7	0.8	0.8	0.8	0.1	11.5%
Import Share	29.1%	22.9%	24.3%	28.2%	25.0%	2.9% pts	
Light Trucks	11.6	12.0	11.1	10.5	11.2	0.6	6.0%
Domestics	9.0	9.7	9.0	8.5	9.0	0.5	5.9%
Imports	2.6	2.3	2.1	2.1	2.1	0.1	6.3%
Import Share	22.3%	19.1%	18.8%	19.5%	19.1%	0.1% pts	
Total Light Vehicles	14.9	15.2	14.2	13.3	14.2	0.6	4.7%
Heavy Trucks	0.5	0.5	0.5	0.4	0.5	(0.0)	-3.5%
Total Vehicles	15.4	15.7	14.7	13.8	14.7	0.6	4.4%

Retail Inventories, Motor Vehicle and Parts Dealers (billions of dollars) ^(d)

	<u>2021 Average</u>	<u>Sep-22</u>	<u>Oct-22</u>	<u>Nov-22</u>	<u>3 Month Average</u>	<u>Chg fr Year Ago Level</u>	<u>Chg fr Year Ago %</u>
Inventories	\$162.1	\$193.8	\$194.6	\$196.9	\$195.1	\$44.7	29.4%
Inventory/Sales Ratio	1.32	1.52	1.50	1.56	1.53	0.34	

Michigan Vehicle Production Little Changed from Year Ago Page 5

- Michigan vehicle production was essentially unchanged from December 2021 while national vehicle production was up slightly from last December. In December 2022, Michigan vehicle production totaled 157,321 units.
- In December 2022, auto production rose 10.5 percent year-over-year (y-o-y) in Michigan but was down 7.5 percent nationally; truck production decreased 0.9 percent in Michigan but was up 3.6 percent nationally.
- Comparing the three-month average of vehicle production in October 2022-December 2022 to production in October 2021-December 2021, Michigan's average production was up 2.5 percent while average production was up 21.4 percent nationally.

Three-Month Average of Michigan Vehicle Production Little Changed from Year Ago in December



Motor Vehicle Production Statistics

(Thousands, unless otherwise specified)

	2021 Monthly <u>Average</u>	Oct <u>2022</u>	Nov <u>2022</u>	Dec <u>2022</u>	3 Month <u>Average</u>	Dec Level Chg <u>fr Yr Ago</u>	Dec % Chg <u>fr Yr Ago</u>
U.S. Production ^(e)							
Autos	138.4	167.3	157.8	124.2	149.8	(10.1)	-7.5%
Trucks	621.5	780.9	717.2	607.2	701.8	21.1	3.6%
Total	759.9	948.2	875.1	731.4	851.6	11.1	1.5%
Michigan Production ^(f)							
Autos	11.4	17.4	15.8	14.3	15.8	1.4	10.5%
Trucks	143.4	175.3	165.6	143.1	161.3	(1.2)	-0.9%
Total	154.8	192.8	181.4	157.3	177.2	0.1	0.1%
Michigan as % of U.S.	20.4%	20.3%	20.7%	21.5%	20.8%	-0.3% pts	

U.S. Economic Conditions

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	<u>Sep-22</u>	<u>Oct-22</u>	<u>Nov-22</u>	<u>Dec-22</u>	<u>Change from Year Ago</u>
KEY ECONOMIC INDICATORS					
Consumer Sentiment ^(h)	58.6	59.9	56.8	59.7	-10.9 points
ISM Manufacturing Index ⁽ⁱ⁾	50.9	50.2	49.0	48.4	-10.4 points
ISM Non Manufacturing Index ⁽ⁱ⁾	56.7	54.4	56.5	49.6	-12.7 points
INFLATION ^(k)					
1982-84 = 100 (CPI)	<u>Sep-22</u>	<u>Oct-22</u>	<u>Nov-22</u>	<u>Dec-22</u>	<u>Change from Year Ago</u>
Nov 2009 = 100 (PPI)					
U.S. Consumer Price Index	296.8	298.0	297.7	296.8	6.5%
Detroit CPI	NA	274.5	NA	271.6	6.2%
U.S. Producer Price Index	140.1	140.7	140.7	139.5	6.2%
INTEREST RATES					
90 Day T-Bill ^(l)	3.13%	3.72%	4.15%	4.25%	4.19% points
10 Year Treasury Securities ^(l)	3.52%	3.98%	3.89%	3.62%	2.15% points
INDUSTRIAL PRODUCTION ^(l)	104.8	104.8	104.2	103.4	1.6%
CAPACITY UTILIZATION ^(l)	80.1%	80.0%	79.4%	78.8%	0.0% points
RETAIL SALES ^(d)	\$684.5	\$691.8	\$685.0	\$677.1	6.0%
HOUSING STARTS and SALES					
(Millions Annual Rate)	<u>Sep-22</u>	<u>Oct-22</u>	<u>Nov-22</u>	<u>Dec-22</u>	<u>% Change From Year Ago</u>
Housing Starts ^(d)	1.465	1.426	1.401	1.382	-21.8%
Existing Home Sales ^(m)	4.710	4.430	4.080	4.020	-34.0%
DURABLE GOODS ORDERS ^(d)	\$274.4	\$276.4	\$271.6	\$286.9	11.9%
PERSONAL INCOME ^(c)					
(Billions, Seasonally Adj & Annualized)	<u>2021.4</u>	<u>2022.1</u>	<u>2022.2</u>	<u>2022.3</u>	<u>% Change From Year Ago</u>
Michigan	\$553.2	\$560.2	\$567.1	\$570.5	2.7%
U.S.	\$21,158.0	\$21,317.8	\$21,575.4	\$21,856.5	4.1%
GROSS DOMESTIC PRODUCT ^(c)					
(Billions of Chained 2012 Dollars, Seasonally Adj & Annualized)	<u>2022.1</u>	<u>2022.2</u>	<u>2022.3</u>	<u>2022.4</u>	<u>Annualized % Chg From Last Qtr</u>
	\$19,924.1	\$19,895.3	\$20,054.7	\$20,198.1	2.9%

- (a) Seasonally adjusted. Sources: Bureau of Labor Statistics, U.S. Department of Labor and Michigan Department of Technology, Management and Budget.
- (b) Bureau of Labor Statistics, U.S. Department of Labor (BLS 790). Page 2 Michigan three-month average unemployment rate graph values use interpolated monthly values for January 2021-August 2021.
- (c) Bureau of Economic Analysis, U.S. Department of Commerce.
- (d) Bureau of the Census, U.S. Department of Commerce. Seasonally adjusted.
- (e) Automotive News.
- (f) Michigan Department of Treasury.
- (g) Michigan Department of Technology, Management and Budget.
- (h) University of Michigan Survey of Consumers.
- (i) Institute for Supply Management (ISM), formerly NAPM.
- (j) The Conference Board.
- (k) Bureau of Labor Statistics, U.S. Department of Labor.
- (l) Seasonally adjusted rates (except interest rates). Federal Reserve System Board of Governors. 2012 equals 100. Treasury bill rate (secondary market).
- (m) National Association of Realtors.
- (n) Consensus Revenue Estimating Conference Agreement Final Report: Executive Summary, January 2023.